

## Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 IO-13 ISO-00 AID-05 CEA-01 CIAE-00

COME-00 EA-10 FRB-03 INR-10 NEA-11 NSAE-00 ICA-11

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OMB-01 SS-15 STR-07 L-03 XMB-02 NSC-05 /128 W

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FM AMEMBASSY ROME

TO SECSTATE WASHDC 3259

INFO AMEMASSY BRUSSELS

AMEMBASSY PARIS

USMISSION GENEVA

USMISSION USUN NEW YORK

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E.O. 11652: N/A

TAGS: ETRD, OECD, IT

SUBJECT: COMMON FUND - ITALIAN VIEWS

REF: (A) PARIS 16196, (B) ROME 9643, (C) 77 ROME 21068

BRUSSELS FOR USEEC, PARIS FOR USOECD

1. SUMMARY. ITALIAN MFA OFFICIAL BRUNETTI STATED THAT ITALIAN GOVERNMENT VIEWED FAVORABLY RESULTS OF MAY 18-19 OECD AD HOC GROUP MEETING ON COMMON FUND. HOWEVER, SHE BASED HER COMMENTS SOLELY ON REPORTING CABLE FROM PARIS DELEGATION AND REFRAINED FROM MAKING DETAILED COMMENTS. BRUNETTI PROMISED TO PROVIDE ADDITIONAL COMMENTS UPON RECEIPT OF WORKING PAPERS FROM PARIS. END SUMMARY.

2. CURRENT ITALIAN THINKING IS THAT OECD AD HOC MEETING WAS VERY HELPFUL IN FURTHERING DISCUSSION ON COMMON GROUP B POSITIONS. ON VOTING, BRUNETTI FAVORED A DISTRIBUTED MAJORITY

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VOTING SYSTEM FOR ONLY MAJOR DECISIONS-ON MORE ROUTINE MATTERS, A MORE SIMPLIFIED VOTING SYSTEM COULD BE ADOPTED. BRUNETTI EXPLAINED THAT IN HER VIEW PROBLEM IN AGREEING ON APPROPRIATE VOTING SYSTEM STEMMED FROM ARBITRARY DISTINCTION BETWEEN PRODUCERS AND CONSUMERS. SHE THOUGHT BETTER DISTINCTION, I.E. ONE THAT WOULD MAKE EC AND OTHER INDUSTRIALIZED NATIONS' POSITIONS STRONGER, WOULD BE BASED ON TRADE, E.G. THE EXTENT TO WHICH A

COUNTRY IMPORTS/EXPORTS A PARTICULAR COMMODITY. SHE SAID MORE STUDY IS NEEDED AND EMPHASIZED ITALIAN POSITION WAS NOT FIRM.

3. ON OTHER MEASURES, BRUNETTI THOUGHT U.S. CONTRIBUTION WAS CONSTRUCTIVE AND STATED THAT U.S. POSITION WAS QUOTE ABOUT RIGHT UNQUOTE. ITALIANS SUPPORT SECOND WINDOW CONCEPT BUT WITH ADEQUATE LIMITATIONS. IN THIS REGARD, BRUNETTI THOUGHT AUSTRALIAN PROPOSAL WENT TOO FAR IN OPENING POTENTIALLY UNLIMITED FINANCIAL DEMANDS. SHE ALSO STATED THAT THE SWEDISH PROPOSAL DESERVED CONSIDERATION.

4. ON CAPITAL STRUCTURE, BRUNETTI AGREED THAT FURTHER STUDY WAS NEEDED AND DEFERRED COMMENTING UNTIL AFTER RECEIPT OF NORWEGIAN PAPER ON FINANCIAL STRUCTURE ELEMENTS.

5. COMMENT. BRUNETTI'S VIEWS ARE CONSISTENT WITH THOSE EXPRESSED EARLIER BY MINISTER JACOANGELI ON THE COMMON FUND (REFTEL B). OVER PAST SIX MONTHS, ITALIAN POSITION ON COMMON FUND NEGOTIATIONS HAS EDGED CLOSER TO THAT OF THE UNITED STATES. EARLIER EMBASSY REPORT (REFTEL C) INDICATED THAT THERE IS CONSIDERABLE FLEXIBILITY IN ITALIAN POSITION. IN ITALIAN VIEW, DISCUSSIONS SUCH AS THESE RECENTLY HELD IN PARIS ARE VERY USEFUL IN CONSOLIDATING INDIVIDUAL COUNTRIES' POSITION. GARDNER

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## Message Attributes

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